

## Message Text

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FM AMEMBASSY PANAMA

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USUN NEW YORK 564

C O N F I D E N T I A L SECTION 1 OF 2 PANAMA 6516/1

E.O. 11652: GDS

TAGS: PINT, PN

SUBJECT: STUDENT DEMONSTRATIONS AND GOP REACTIONS: SOME WHYS  
AND TENTATIVE WHEREFORES

SUMMARY: WHILE THE PANAMANIAN GOVERNMENT IS IN NO APPARENT DANGER OF FALLING, THE RECENT STUDENT DISTURBANCES REFLECTED (BUT ALSO ADDED TO) THE GOVERNMENT'S LOSS OF STRENGTH IN THE PAST YEAR OR SO. THE EFFORT TO FOIST BLAME FOR THE DISTURBANCES ON THE U.S. MAY ADUMBRATE SOME UNPLEASANTNESS FOR US, BUT TORRIJOS WILL TRY TO AVOID PUSHING US SO FAR THAT THE NEGOTIATIONS MIGHT BE RUPTURED. END SUMMARY.

1.EVEN BEFORE THE STUDENTS WENT TO THE STREETS SEPTEMBER 10, TORRIJOS' STRENGTH HAD BEEN DIMINISHING VISIBLY FOR A GOOD MANY MONTHS. HIS STRENGTH HAS, OF COURSE, ALWAYS EMANATED TO A GREAT EXTENT, FROM THE SUPPORT OF THE NATIONAL GUARD AND HIS OWN PERSONAL MAGNETISM--BOTH OF WHICH STILL SEEM INTACT. BUT IT HAS ALSO BEEN A RESULT OF PANAMA'S LONG PERIOD OF ECONOMIC PROSPERITY, TORRIJOS' PRESUMED ABILITY TO NEGOTIATE A SATISFACTORY TREATY WITH THE U.S., AND  
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HIS GOVERNMENT'S IMAGE AS THE AGENT OF THE PANAMANIAN

PEOPLE AS A WHOLE RATHER THAN A FAVORED CLASS.

2. TORRIJOS IS NOW GOING THROUGH THE ROUGHEST TIMES HE HAS FACED SINCE THE ABORTIVE COUP OF 1969. THE ECONOMY IS IN TROUBLE; AND WHILE EVERYONE RECOGNIZES THE IMPACT OF FACTORS BEYOND PANAMA'S BORDERS AND CONTROL, THERE IS A WIDESPREAD CONVICTION THAT THE GOVERNMENT HAS MISMANAGED IT. ON TOP OF THAT, THE TREATY REMAINS TANTALIZINGLY ON THE HORIZON, BUT STILL OUT OF REACH. MORE DOUBTS ARE ARISING THAT TORRIJOS CAN BRING HOME THE BACON. BENEATH THESE IMMEDIATE PROBLEMS LIES A GROWING CONSENSUS THAT THE "REVOLUTIONARY" IDEALS WHICH SET THIS GOVERNMENT APART FROM OTHERS IN PANAMA'S HISTORY ARE WEARING THIN: EIGHT YEARS OF POWER HAVE CORRUPTED, AND THE IDEALISTIC ZEAL OF PAST YEARS IS EACH DAY HARDER TO PERCEIVE.

3. THUS THERE HAS DEVELOPED AN ATMOSPHERE IN WHICH THE DISTURBANCES OF SEPTEMBER 10, 13, 14 AND 15 COULD TAKE PLACE. THEY WERE THE MOST SERIOUS STREET DEMONSTRATIONS SINCE TORRIJOS TOOK POWER IN 1968, BUT WE MUST KEEP OUR PERSPECTIVE ABOUT THEM. NO ONE WAS KILLED, OR EVEN SERIOUSLY INJURED. MOST OF THE PROPERTY DAMAGA-- UNDOUBTEDLY MUCH LESS THAN THE \$5-7 MILLION REPORTED IN THE LOCAL PRESS--WAS THE WORK OF CRIMINAL ELEMENTS. THAT THERE WAS THIS MUCH DAMAGE WAS THE RESULT OF THE NATIONAL GUARD'S ADHERENCE TO THE AXION OF THE "REVOLUTION" THAT YOU DON'T HURT STUDENTS.

4. NEVERLESS, THE DISTURBANCES WERE IMPORTANT. THEY DEMONSTRATED WEAKNESS. THEY SHOWED THAT NOT JUST THE RIGHT (WHICH GOT THUMPED IN JANUARY) BUT ALSO THE LEFT IS BECOMING SHAKY IN ITS SUPPORT FOR THE GOVERNMENT. EVEN THE PANAMANIAN STUDENT FEDERATION(FEP), "BOUGHT AND PAID FOR" BY THE GOVERNMENT, FELT OBLIGED TO JOIN THE CRY FOR RESCINDING THE RISE IN THE PRICD OF STAPLE FOODS. THE STUDENTS HAVE MANY ALLIES--SOME OF WHOM AGREE WITH THEM ONLY IN THEIR DISAFFECTION WITH THE GOVERNMENT. BUT ONLY THE STUDENTS HAD THE SPUNK-- -AND THE IMMUNITY FROM BEING CLUBBED BY THE POLICE--TO GO TO

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THE STREETS.

5. IT BACAME CLEAR ON WEDNESDAY THAT THE STUDENT PROTESTS WERE GOING TO GET MORE RATHER THAN LESS RAUCOUS UNLESS THE GOVERNMENT DID SOMETHING. IT APPARENTLY CONSIDERED TRYING TO DIVERT THE STUDENTS' ATTENTION FROM ITSELF AND ITS ECONOMIC WOES TO THE OLD BUGABOO UNCLE SAM. BUT THE NON-FEP GROUPS, WHO HELD THE INITIATIVE, PERSISTED IN

KEEPING THEIR EYE ON THE BALL. SO THE GOVERNMENT CRACKED DOWN RATHER THAN RISK THE EMBARRASSMENT OF FURTHER DEMONSTRATIONS ON ITS ECONOMIC POLICIES. TRUE, THE DEMONSTRATIONS WERE AIMED AT GOVERNMENT POLICIES RATHER THAN AT THE GOVERNMENT ITSELF, BUT THIS DISTINCTION IS A FINE ONE. IT COULD DESAPPEAR IF THE SITUATION DETERIORATED VERY MUCH.

6. BUT IT WAS NOT ENOUGH TO PUT A STOP TO THE DEMONSTRATIONS. SCAPEGOATS HAD TO BE FOUND. AND IT SHOULD BE NO SURPRISE THAT THEY CHOSE NONE OTHER THAN THOSE HOARY TWINS, THE IMPERIALISTS AND THE OLIGARCHY.

7. THE DECISION TO BLAME THE U.S. CAME NATURALLY, SINCE MANY IN THE GOVERNMENT FEEL THAT THE U.S. GOVERNMENT HAS FAILED TO LIVE UP TO A PROMISE, OR NEAR PROMISE, TO RETURN TO THE NEGOTIATING TABLE AFTER THE REPUBLICAN CONVENTION. THUS A TRIPLE GOAL IS PURSUED: TO SHIFT THE BLAME FOR THE DISTURBANCES ONTO SOMEONE ELSE'S SHOULDERS; TO APPLY PRESSURE ON THE U.S. GOVERNMENT TO GET NEGOTIATING AGAIN; AND TO GET BACK AT THE AMERICANS FOR THEIR BAD FAITH.

8. AT LEAST MANY IN HIGH COUNCILS OF THE PANAMANIAN GOVERNMENT SEE THINGS IN THIS LIGHT. OTHERS--THE TECHNICIANS AND THE MORE CONSERVATIVE--SEE THE OTHER SIDE OF THE COIN. THEY SEE A FURTHER LOSS OF CONFIDENCE ON THE PART OF BUSINESSMEN AND, MORE CRITICALLY PERHAPS--BY THE FOREIGN BANKERS WHO ARE KEEPING PANAMA AFLOAT. PANAMA, WITHOUT A NATIONAL CURRENCY CANNOT RESORT TO THE PRINTING PRESS TO MEET ITS PAYROLL. A FEW ALSO FEAR THAT THE U.S. GOVERNMENT, FAR FROM BEING "PRESSURED", WILL DECIDE TO FURTHER DELAY NEGOTIATIONS AND LET PANAMA STEW IN ITS OWN JUICE. VERY FEW PANAMANIAN ARE TAKEN IN BY THE "DESTABILIZATION" PLOT. THEY RECOGNIZE THAT IT IS A TRANSPARENT PLOY. CONSEQUENTLY IT HARDLY ACHIEVES THE GOVERNMENT'S AIM OF CONFIDENTIAL

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RALLYING PEOPLE TO THE FLAG.

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FM AMEMBASSY PANAMA  
TO SECSTATE WASHDC 9159  
INFO PANCANAL  
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C O N F I D E N T I A L SECTION 2 OF 2 PANAMA 6516/2

9. THE RESULT OF THE CLASH OF THESE CONTENDING FORCES  
IN THE GOVERNMENT IS NOT YET CLEAR. THE SUDDEN FROP  
IN ANTI-YANKEE PROPAGANDA IN THE WEEKEND PRESS INDICATES  
THERE IS AT LEAST A GOVERNMENT REAPPRAISAL OF WHERE IT SHOULD  
GO FROM HERE. THE LIKELIHOOD IS FOR PERIODIC UNPLEASANTNESS FOR  
US, BUT A CONSCIOUS EFFORT NOT TO PUSH US TOO FAR, UNTIL THE  
NEGOTIATIONS RESUME.

10. SO FAR, THIS ANALYSIS HAS EMPHASIZED THE FACTORS OF  
STRENGTHS AS WELL. WHILE THE GOVERNMENT'S CONTROL OVER  
STUDENTS HAS DIMINISHED, THE STUDENTS THEMSELVES ARE DEVIDED.  
NO MARTYR OR OTHER UNIFYING FACTOR HAS BEEN PRODUCED. THE GOVERNMENT  
STILL RETAINS A FAINT PATINA OF THE OLD POPULIST IMAGE. SOME,  
ALTHOUGH MANY FEWER STUDENTS--AND OMAR'S HEART IS IN THE  
RIGHT PLACE, THOUGH HIS ADVISERS OFTEN LEAD HIM ASTRAY.

11. THE GOVERNMENT'S GREATEST STRENGTH LIES IN THE  
APPARENT LACK OF AN ALTERNATIVE. THE GENERAL STAFF OF THE  
NATIONAL GUARD, WHILE IT HAS ITS FACTIONS AND AMBITIOUS  
COLONELS, APPEARS TO US LOYAL TO TORRIJOS. NONE OF THE  
TEN OR SO MEN AT THE TOP OF THE GUARD APPROACHES TORRIJOS  
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IN TERMS OF A PERSONAL LOYALTY, RESPECT AND ADMIRATION.  
MORE WATER HAS TO PASS OVER THE DAM BEFORE THE GUARD BEGINS  
TO THINK SERIOUSLY ABOUT WHO TAKES OVER AFTER TORRIJOS.

12. AS FOR THE REST OF THE COUNTRY, ITS POLITICAL STRENGTH  
IS LARGELY PASSIVE. BUSINESS--IMPORTANT IN THIS COMMERCIAL  
COUNTRY--IS DEVIDED AND UNEASY, WAITING TO SEE WHAT HAPPENS. THE  
LOWER MIDDLE CLASS IS AMBIVALENT--SOME ARE BELIEVERS IN THEIR

GOVERNMENT, BUT MOST ARE AGNOSTIC BYSTANDERS. THE INTERIOR IS PARTIES COUNT HARDLY AT ALL, SINCE THEY WERE SELDOM MORE THAN VEHICLES FOR INDIVIDUAL POLITICIANS.

13. NO HARD AND FAST CONCLUSIONS CAN BE DRAWN. TORRIJOS IS A COMPLEX AND UNPREDICTABLE MAN, WHO OFTEN SEEMS TO ACT FROM QHIMSY. BUT HE IS SHREWD. WE ARE CONVINCED HE WANTS A TREATY AN ECONOMIC IMPROVEMENT AND TO STAY IN POWER. HIS ACTIONS WILL BE TAKEN WITH THOSE AIMS IN MIND. WE MAY SEE AN INCREASE IN GOVERNMENT REPRESSION--MORE EXILES, SOME POLITICAL PRISONERS, LESS FREEDOM OF EXPRESSION. BUT TORRIJOS WILL SURELY TRY TO  
O  
CONTINUE THE BALANCING ACT BETWEEN PLACATING THE BUSINESS CLASS, ON WHICH ECONOMIC RECOVERY IS PRESUMED TO DEPEND, AND COURTING THE NATIONALISTIC LEFT, WITHOUT WHOM HIS "REVOLUTION" LACKS LEGITIMACY.  
JORDEN

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